

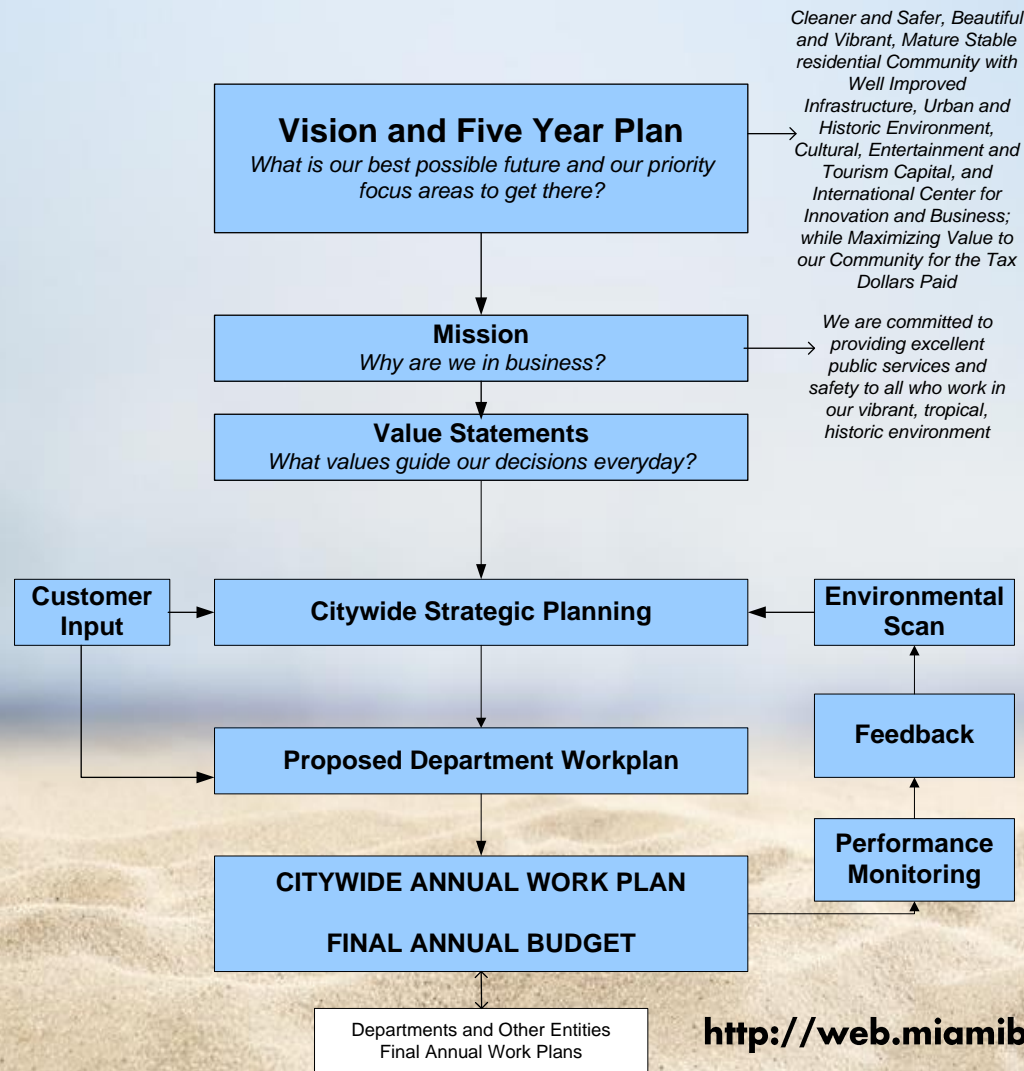
# **BUDGET UPDATE**

**City Commission Retreat  
May 12, 2016**

# Agenda

- **Budget Process Overview**
  - General Fund Budget Trends
  - FY 2015/16 Budget Highlights
  - FY 2016/17 General Fund CSL Update
  - Other Funds Overview
  - Next Steps in Budget Process
- **Parks & Public Safety Capital Funding**
- **Major Projects Overview**
- **Prioritizing Priorities**

# Excellence Model



# Strategic Planning

- **Community Survey**

- Conducted every two years
- Next survey will be disseminated May/June 2016

- **Environmental Scan**

- Contains demographic, economic, and financial trend information
- Information used for updates to the City's Strategic Plan
- Document can be found at  
<http://web.miamibeachfl.gov/excellence>



# Budget Timeline

City Commission and Staff Retreats held to establish priorities.

- Jan-Feb** Initiate Budget Development Process
- Feb-Mar** Dept. Directors confer with ACM's during budget development for approvals; input received from Boards/Committees; workplan and budget submission due at the end of March
- Mar-May** Commission establishes budget priorities  
Work plan/Budget planning workshops with departments,  
Departmental reviews with OBPI and with City Manager
- May-June** Brief City Commission regarding preliminary General Fund Budget
- June 1st** Preliminary Certification of Taxable Value

# Budget Timeline

<b>July 1st</b>	"Certification of Taxable Value," received from the Property Appraiser
<b>Mid-July</b>	City Commission meets to set tentative property millage rates
<b>July-Aug</b>	Finance Committee budget briefings
<b>Aug</b>	City Manager and OBPI develop Proposed Budget
<b>Sept</b>	First and second public hearings Adopt millage rates Adopt operating and capital budgets

# Types of Funds

- **General Fund**
- **Enterprise Funds**
- **Internal Service Funds**
- **G.O. Debt Service Funds**
- **Redevelopment Agency (RDA) Fund**
- **Resort Tax Fund**
- **Special Revenue Funds**

# Budget Overview

## GENERAL FUND

**\$300,354,000**

Building (self-funded)  
Budget & Performance Improv. (OBPI)  
Capital Improvement Projects (CIP)  
City Attorney  
City Manager  
City Clerk  
Code Compliance  
Communications  
Economic Development  
Emergency Management (PSCU)  
Finance

Fire  
Human Resources/Labor Relations  
Mayor and Commission  
Organization Development & Perf. Initiatives  
Planning (self-funded)  
Parks & Recreation  
Public Works Operations  
Police  
Procurement  
Tourism, Cultural, & Economic Development  
Citywide Accounts

## G.O. DEBT SERVICE FUND

**\$ 5,925,000**

## ENTERPRISE FUNDS

**\$212,193,000**

Convention Center  
Water Operations  
Stormwater

Parking Department  
Sewer Operations  
Sanitation



# Budget Overview

## **INTERNAL SERVICE FUNDS**

**\$ 80,370,000**

Information Technology  
Central Services  
Fleet Management

Risk Management  
Property Management

## **REDEVELOPMENT AGENCY (RDA)**

**\$ 23,113,000**

City Center- CMB TIF only

## **RESORT TAX FUND**

**\$ 78,631,000**

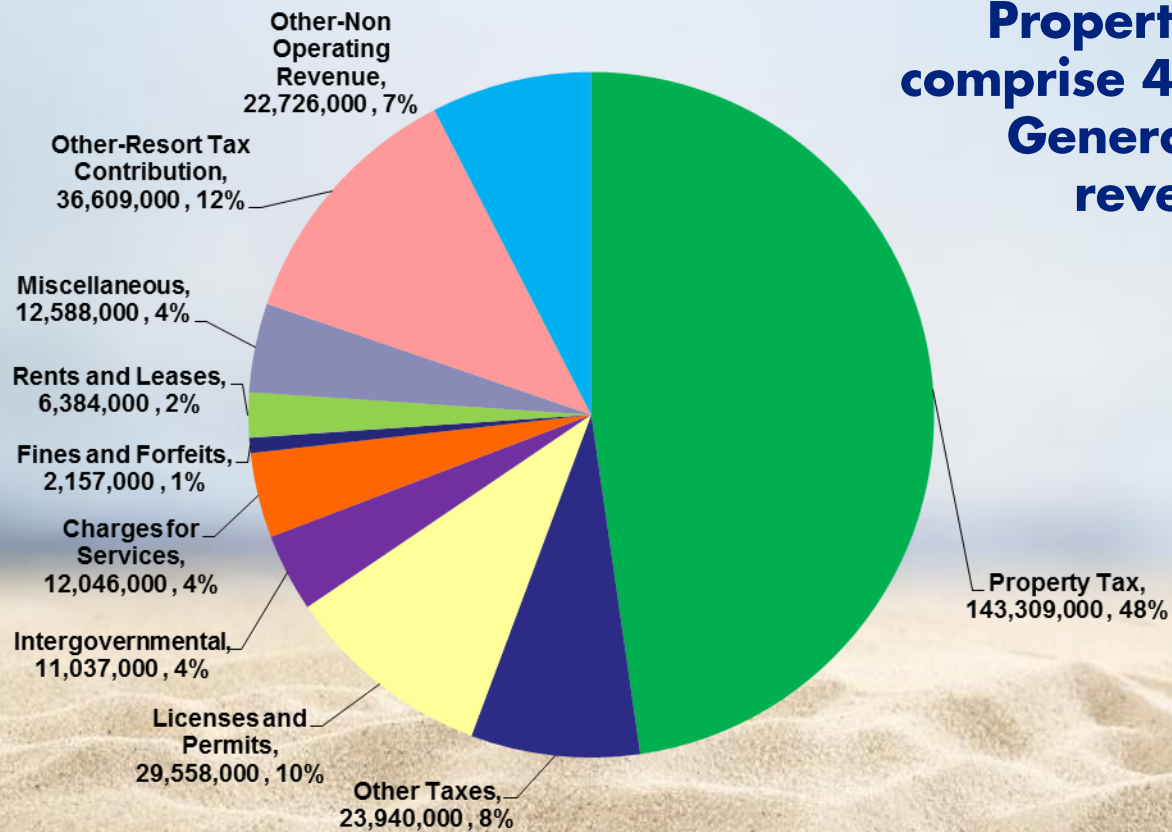
2% Tax

- Eligible tourism-related exp. in General Fund
- GMCVB & VCA
- Debt Service
- Tax Collection

1% Tax

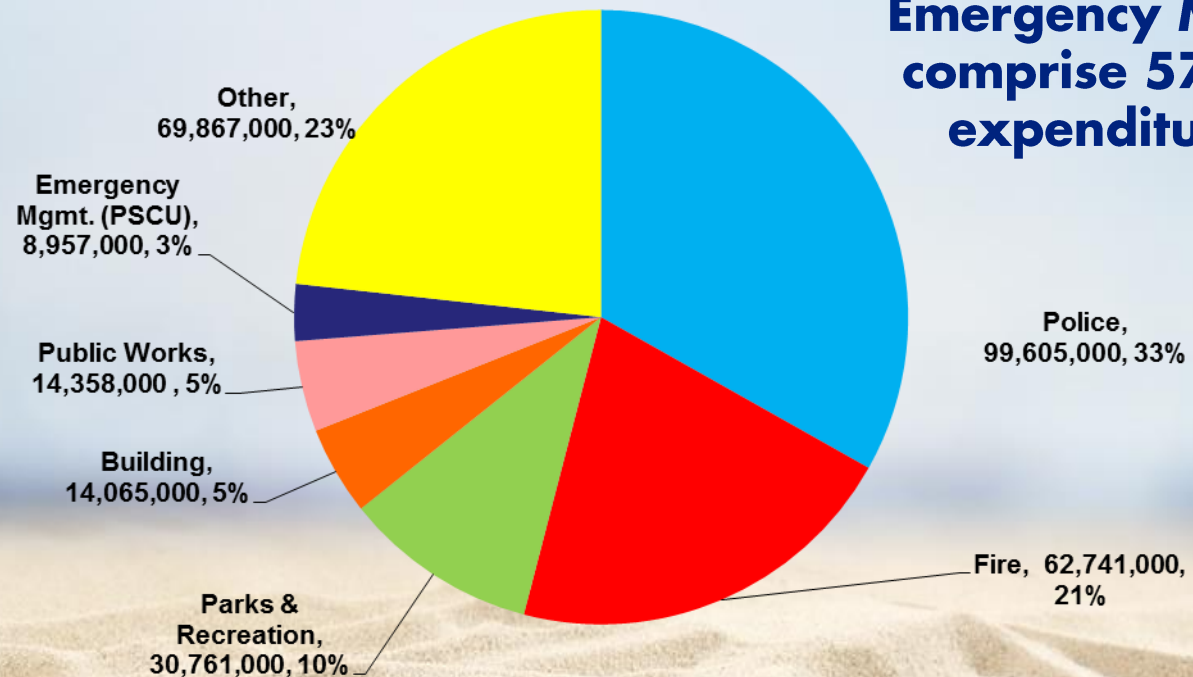
- Debt Services City Center Bonds
- Quality of Life Capital Projects
- Arts
- Transportation

# FY 2015/16 General Fund Revenues: \$300.3 million



# FY 2015/16 General Fund Expenditures: \$300.3 million

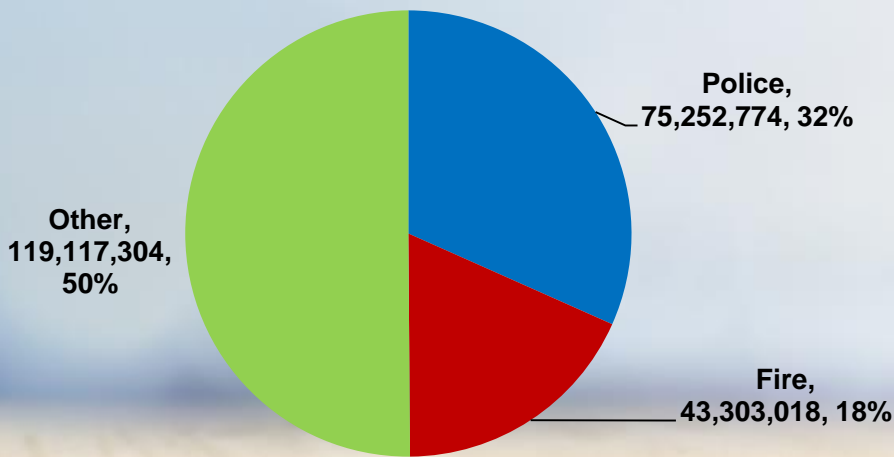
**Police, Fire, and  
Emergency Mgmt.  
comprise 57% of  
expenditures**



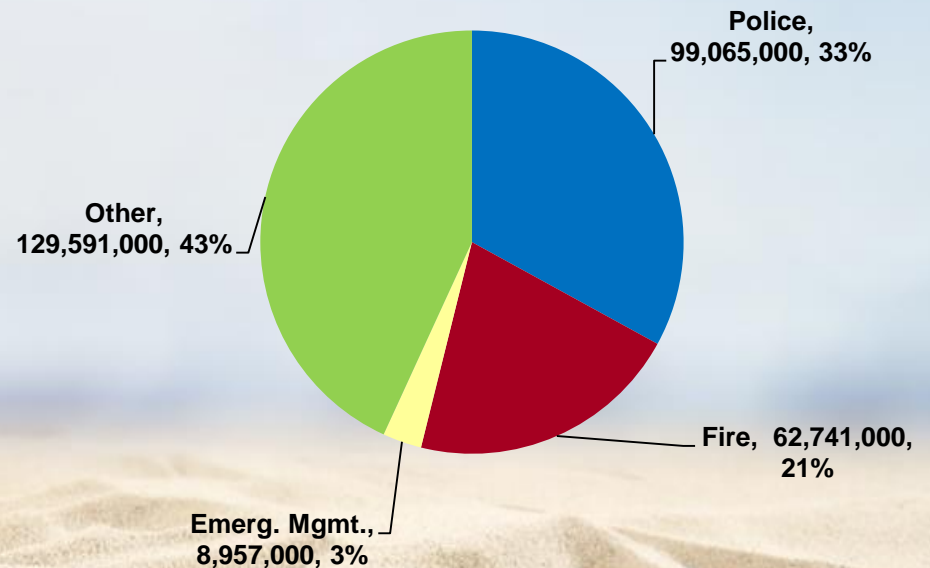
OTHER	
Mayor and Commission	2,009,000
City Manager	3,652,000
Communications	1,745,000
Office of Budget & Performance Impro	2,435,000
Organizational Develop. & Perf Initiati	603,000
Finance	5,385,000
Procurement	2,112,000
Human Resources/Labor Relations	2,685,000
City Clerk	1,455,000
City Attorney	5,282,000
Housing & Comm Services	2,674,000
Planning	4,260,000
Tourism, Cultural, & Economic Dev.	3,936,000
Code Compliance	5,936,000
Capital Improvement Projects	4,945,000
Citywide Accounts & Oper. Contingenc	12,319,000
Transfers	8,434,000
<b>TOTAL</b>	<b>69,867,000</b>

# Public Safety Trend

**Public Safety as a percentage of the budget has increased from 50% in FY 2006/07 to 57% in FY 2015/16**



**FY 2006/07 General Fund Budget**

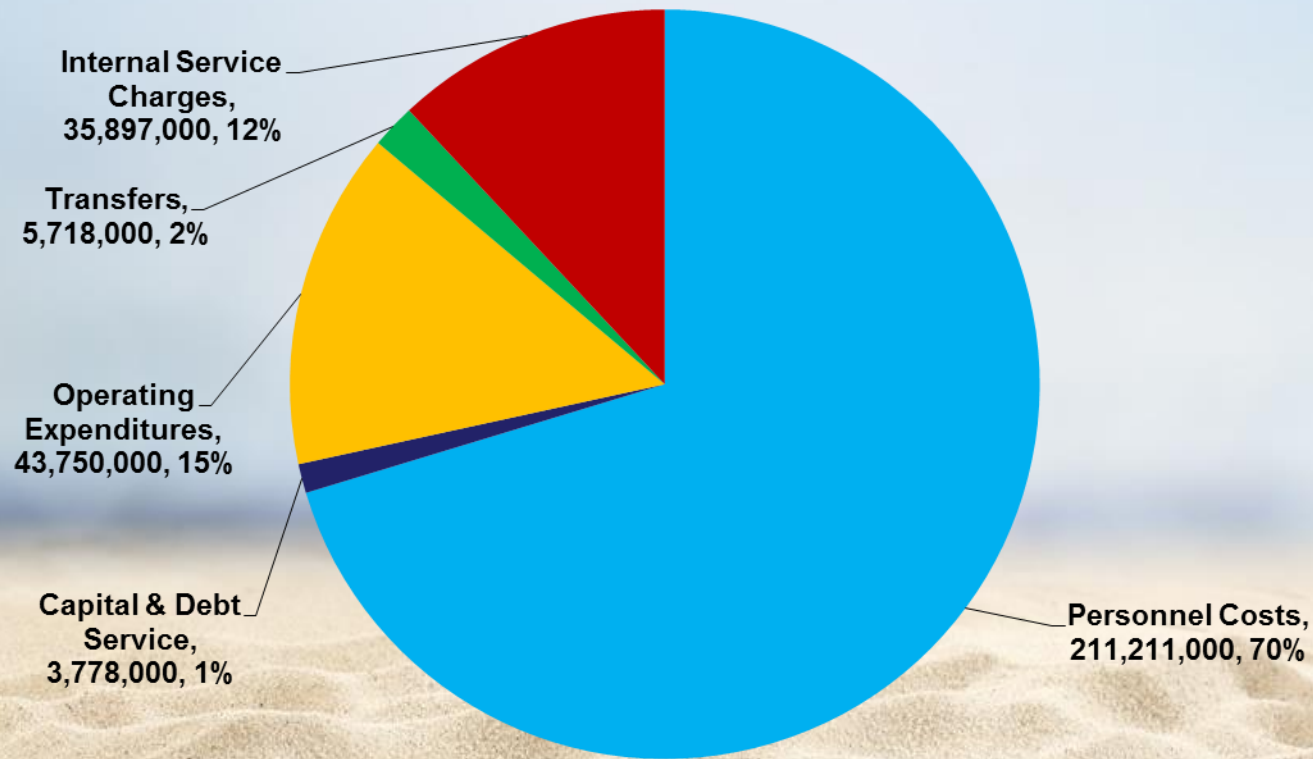


**FY 2015/16 General Fund Budget**



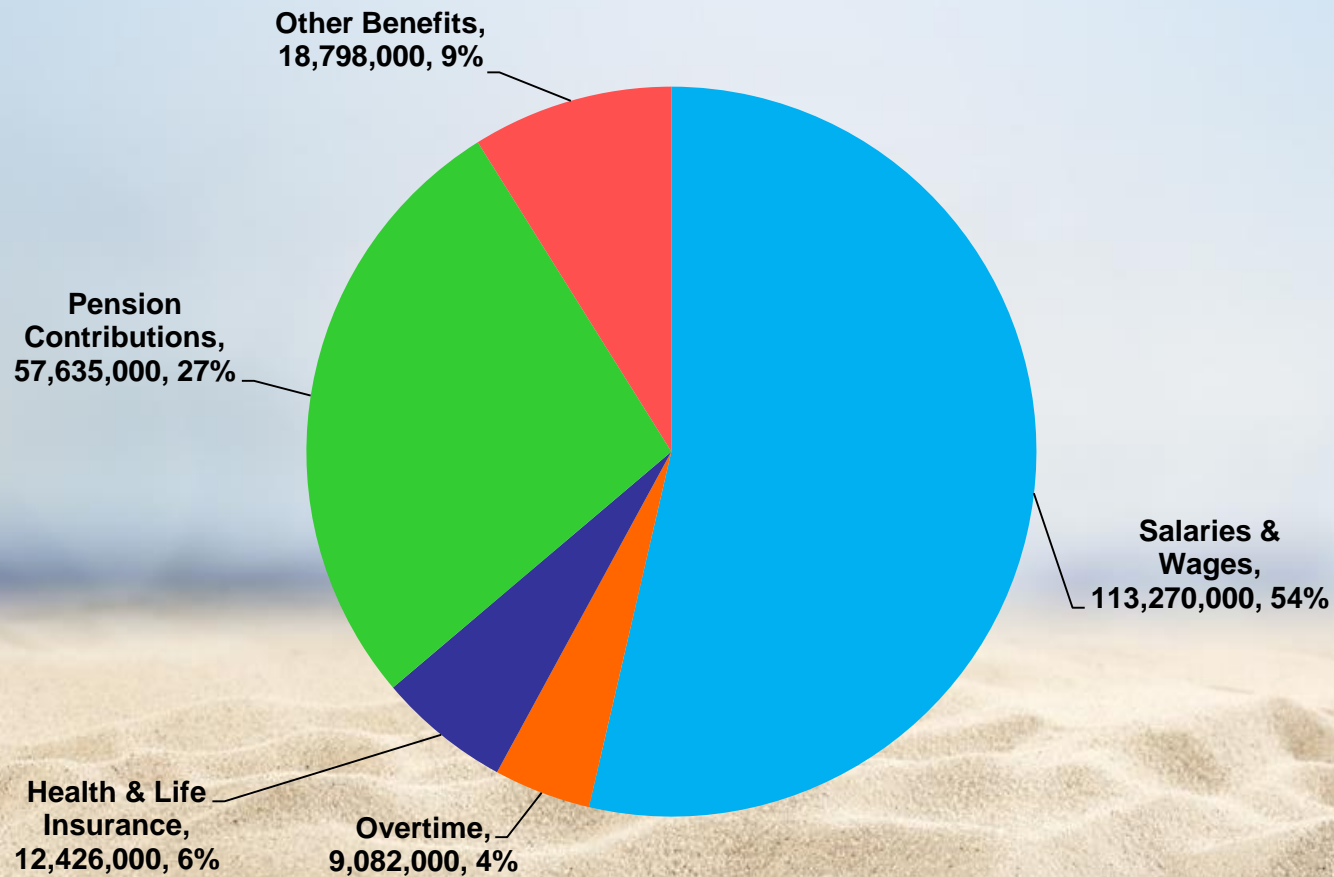
# FY 2015/16 General Fund

## Personnel Costs Comprise 70% of Expenditures



# FY 2015/16 General Fund

## Components of Personnel Costs

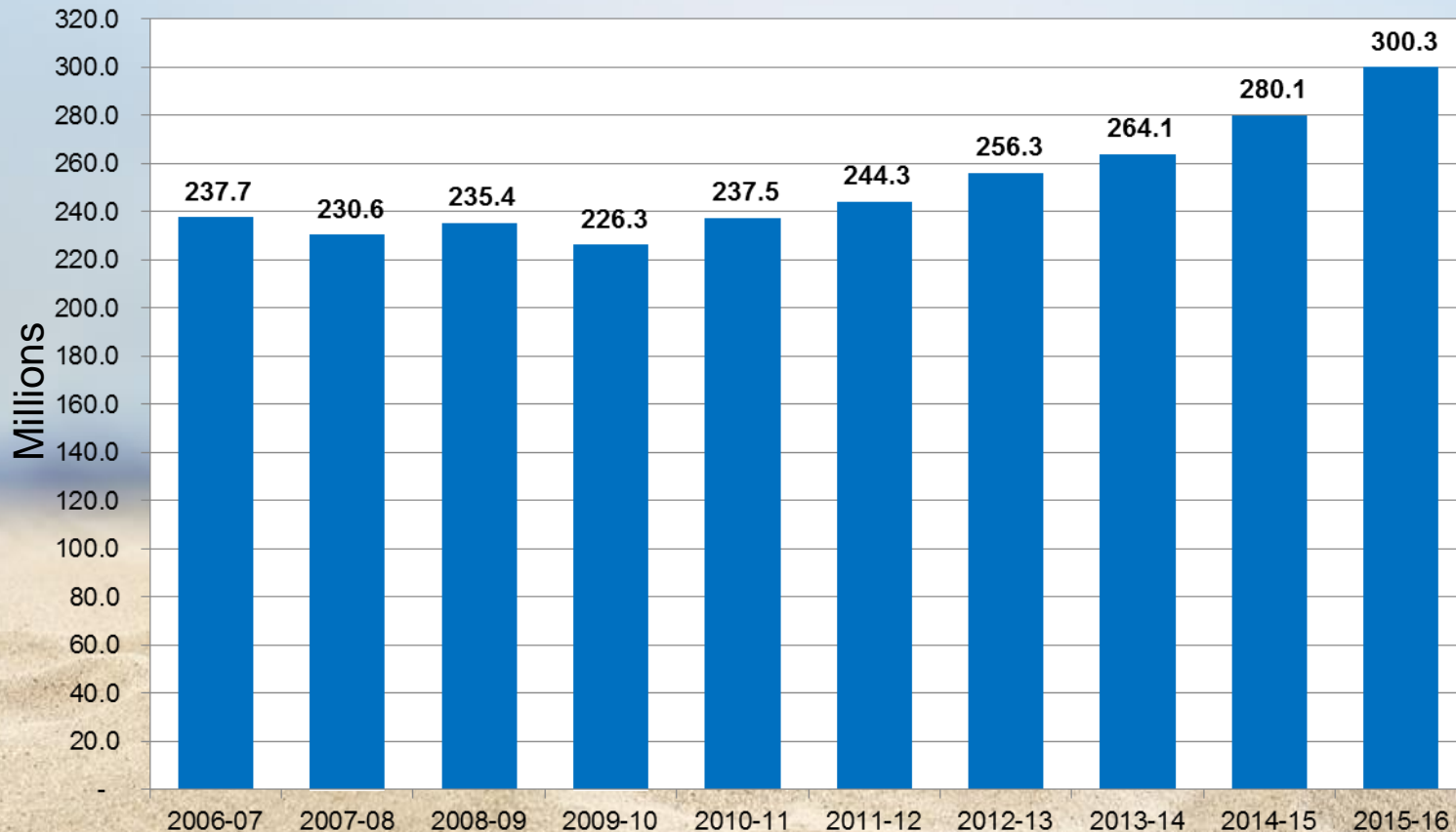


# **GENERAL FUND BUDGET TRENDS**

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# General Fund Expenditures Budget Trend

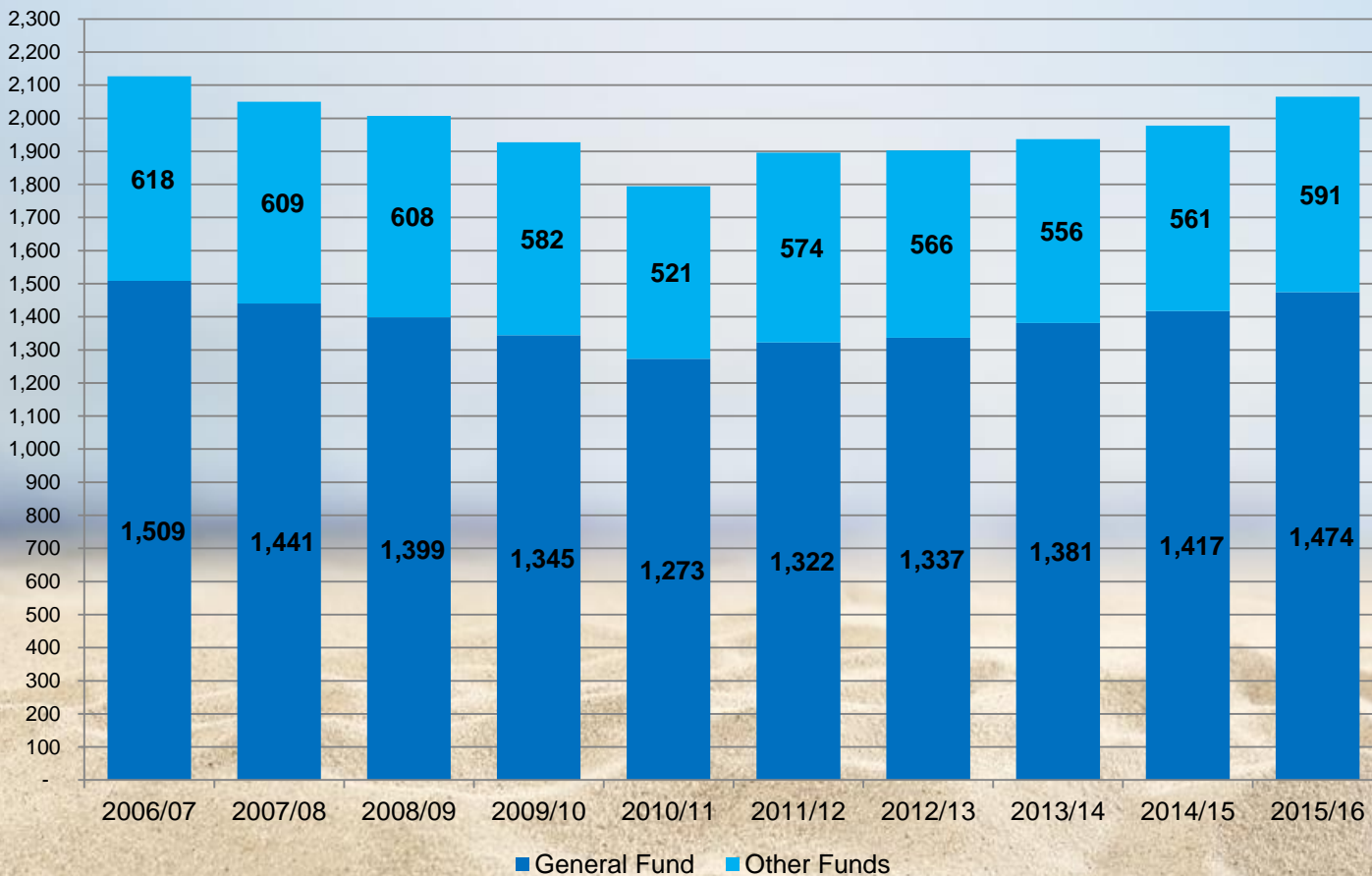
- **Average 2.7% growth since FY 2007/08**





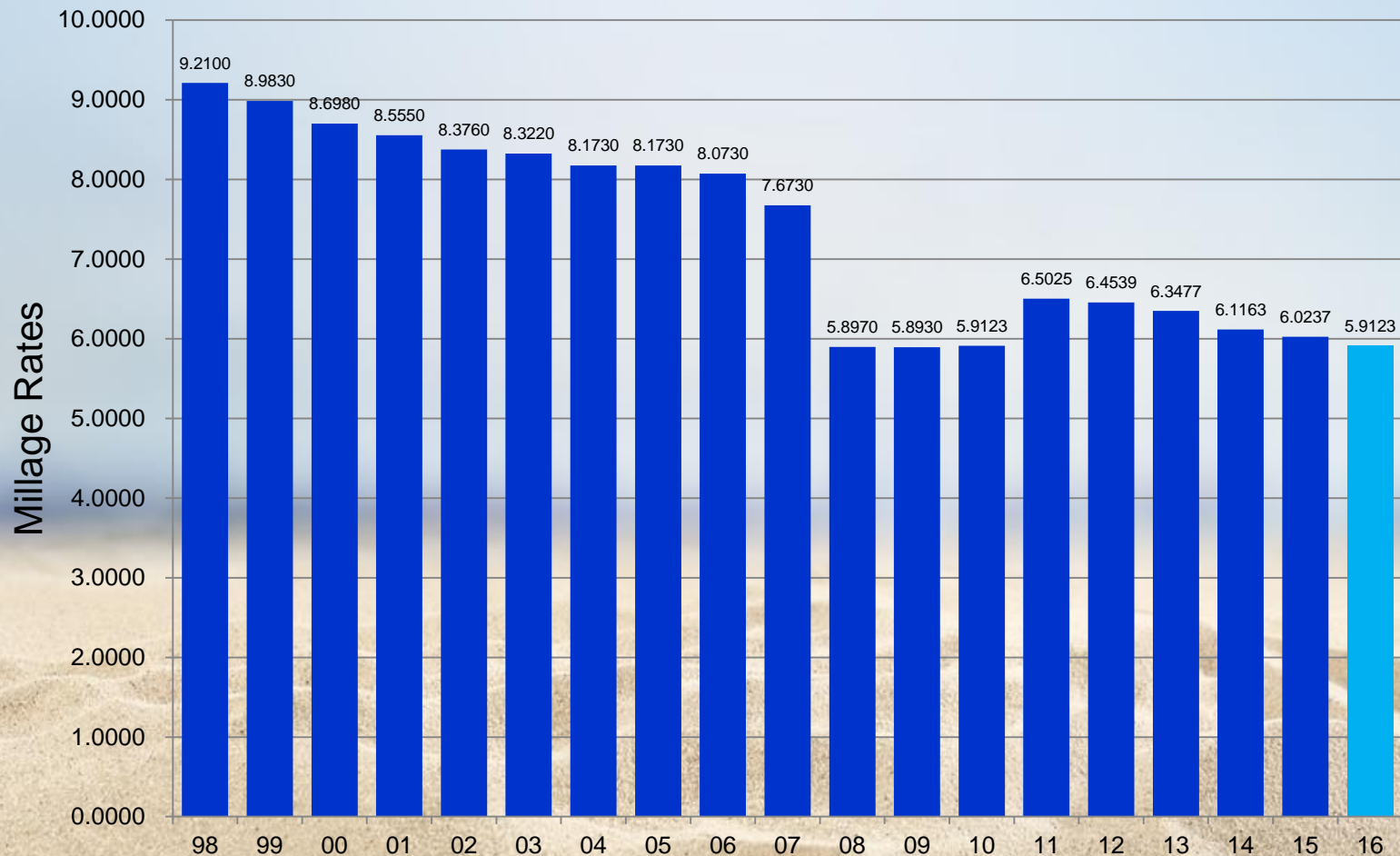
# Position Count Trend

**Positions are 3% less in FY 2015/16 than in FY 2006/07 (all funds)**



# Combined Millage Trend

**Current combined millage rate is 3.3 mills or 36% less than in FY 1997/98 and 1.8 mills or 23% less than in FY 2006/07**



# Overlapping Millage Rates

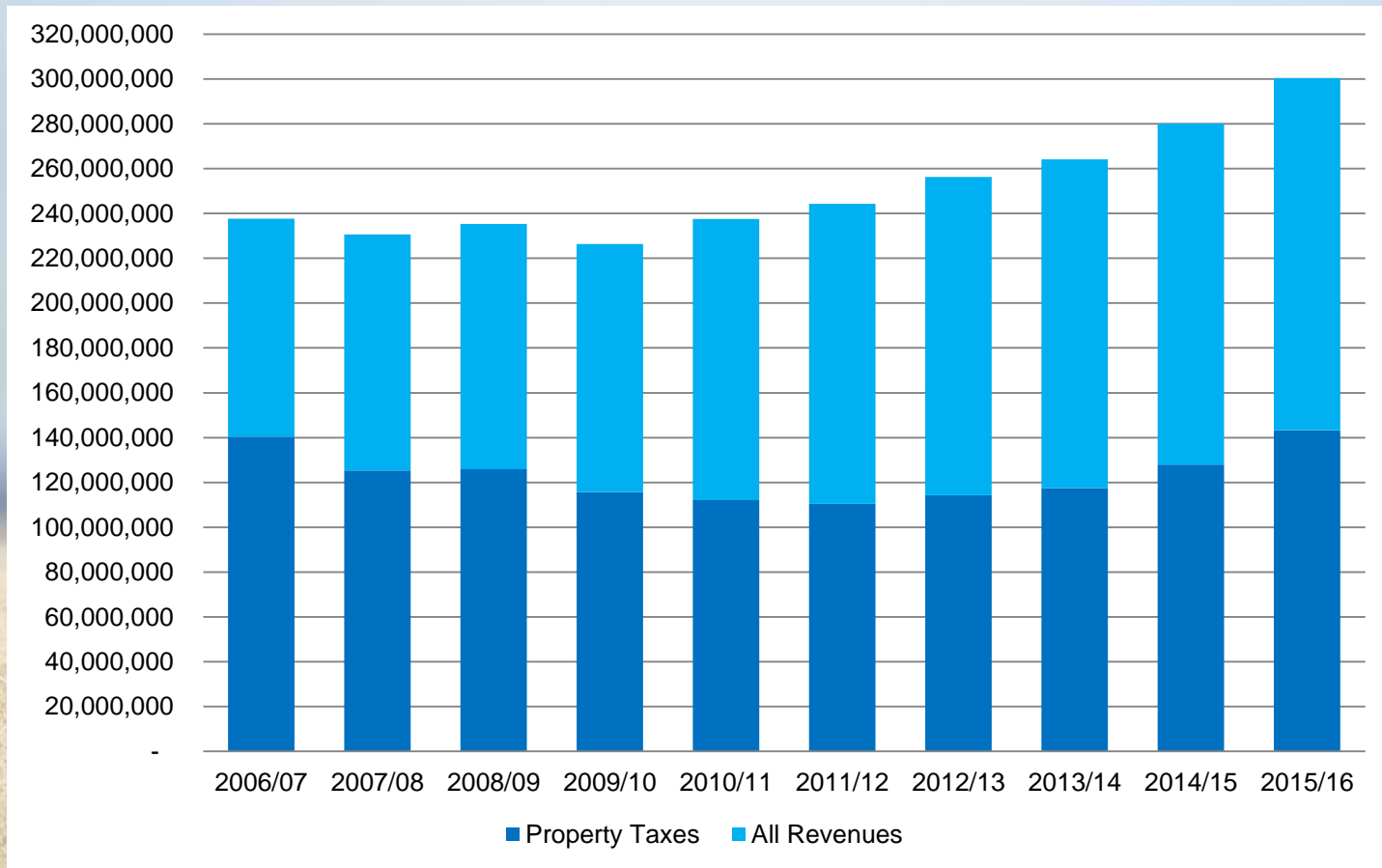
**City of Miami Beach portion of property tax bill has decreased as a percentage of the total bill from 33% to 30%**

OVERLAPPING TAX MILLAGE	FY 06/07	06/07 Total	FY 15/16	15/16 Total	Variance from 06/07
City of Miami Beach	7.6730	33%	5.9123	30%	-1.7607
Miami Dade County	6.3860	27%	5.4009	27%	-0.9851
School Board	8.1050	35%	7.6120	38%	-0.4930
Children's Trust	0.4220	2%	0.5000	3%	0.0780
Other	0.7360	3%	0.3896	2%	-0.3464
<b>Total</b>	<b>23.3220</b>	<b>100%</b>	<b>19.8148</b>	<b>100%</b>	<b>-3.5072</b>

# Property Tax Revenue Trends

**Property Tax revenues are 2% more than in FY 2006/07**

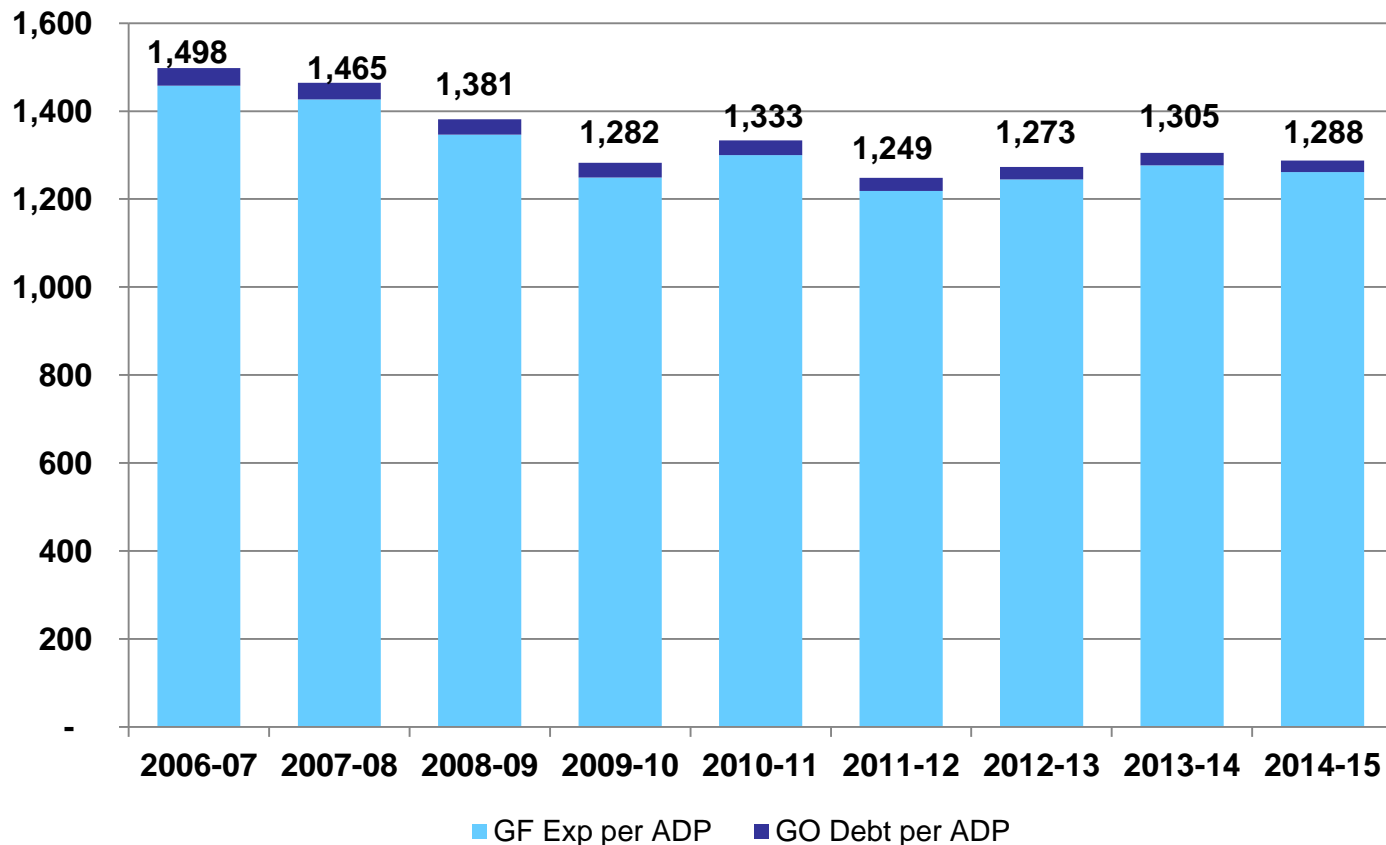
**Property Taxes are 48% of GF Revenues compared to 59% in FY 2006/07**





# General Fund and G.O. Debt by Average Daily Population FY07-15

**Average Daily Population has grown faster than the General Fund and G.O. Debt budget since FY 2006/07**



Note: Average Daily Population for FY 2015-16 not available until end of calendar year

# Significant Enhancements

2013/14	One Time	Recurring
Alton West Trolley Loop		748,000
2 Fire Inspector positions		164,000
4 Dispatch positions		157,000
Code Enforcement Green Team		115,000
Code Compliance Administrator Position		69,000
Lincoln Road Mall Manager		56,000
Resident Only Counter for Building Department		49,000
Sub Total	-	1,358,000

2014/15	One Time	Recurring
North Beach Loop		1,703,000
Parking Garage Cleanliness and Appearance (Pressure Cleaning & Concrete Treatments)		689,000
Park Ranger Program 14 Full and Part-time Positions		545,000
Enhanced Porter Service at Beachfront Restrooms on Weekends, Holidays, and Special Events		476,000
Enhanced Loading Zone Enforcement		225,000
More Proactive Code Compliance		177,000
Case Worker to Address Homelessness at Lummus Park		135,000
Enhance City's Website, Social Media Outreach, and Original Programming		85,000
MB Magazine Enhancement		35,000
Shelter Beds		26,000
Body Camera Program in Police, Code, Building, Fire and Parking	635,000	
Domino Park Pavilion	400,000	
Normandy Fountain Repair in North Beach	350,000	
Sub Total	1,385,000	4,096,000

# Significant Enhancements

2015/16	One Time	Recurring
Body Camera Program in Police, Code, Building, Fire and Parking	935,000	115,901
South Beach Trolley Loop		3,899,000
Mid Beach Trolley Loop		2,554,000
Collins Trolley Loop		2,128,000
Landscape Contract		1,640,000
Mount Sinai Emergency Room		1,000,000
Staffing for 6 New Life Guard Stands		802,000
Motor Unit Patrol 5 Officers		645,000
Traffic Management Team 7 Employees		526,000
Customer Service Center 6 Employees		341,000
Enhanced Enforcement Parking 1 Operating Supervisor & 7 Parking Enforcement Specialist s		319,000
Enhanced Tuition Reimbursement Program		285,000
Wellness Program		250,000
Energov Software Maintenance		249,000
New ERP System Maintenance		249,000
Additional Windstorm Insurance		204,000
Chief Resiliency Officer & Deputy Officer		162,000
Security Guards on the 4 <sup>th</sup> floor of City Hall and Housing & Community Services		128,000
Senior Capital Projects Coordinator		125,000
Deputy Finance Director		110,000
Rapid Response Team 2 Employees		105,000
TCED Assistant Director		93,000
Beach Manager		90,000
North Beach Building Satellite Office		67,000
License Plate Reader	276,000	
Voluntary Pre-Kindergarten	253,000	
GIS Tree Inventory	160,000	
Cans on Every Corner	132,000	
	Sub Total	16,086,901
	Grand Total	21,540,901

# **FY 2015/16 BUDGET HIGHLIGHTS**

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# **FY 2015/16 CSL**

- **CSL Revenues increased \$16.1 million**
- **CSL Expenditures increased \$12.5 million**
- **Net projected surplus of \$3.6 million**
- **At July 1<sup>st</sup> Finance Committee meeting received final property values 13.3 percent increase**
- **Commission direction was given for additional millage rate reduction to remainder of goal to 5.9123, same as it was in fiscal year 2010**

# Approaches to Balance

- Approved \$1.2 million of efficiencies/reductions
- Approved recommended enhancements of \$4.9 million
- Approved additional resort tax contribution of \$1.1 million for tourism eligible expenses in the General Fund

<b>Revised surplus</b>	<b>\$2.6 million</b>
Efficiencies/reductions	\$1.2 million
Enhancements	(\$4.9 million)
<u>Add'tl Resort Tax contribution</u>	<u>\$1.1 million</u>
<b>Total</b>	<b>\$0</b>

# Millage Rate Goal Met

**Millage rate decrease met Commission's goal to reduce millage to FY10 amount**

Fiscal Year	Millage Rate
FY10	<b>5.9123</b>
FY11	6.5025
FY12	6.4539
FY13	6.3477
FY14	6.1163
FY15	6.0237
FY16	<b>5.9123</b>

# Impact to Homestead Property

**Millage rate decrease resulted in City of Miami Beach property tax savings**

	<b>FY 2014/15</b>		<b>FY 2015/16</b>	
			<b>with 0.8% CPI</b>	
	Median	Average	Median	Average
<b>2014 Preliminary Taxable Value</b>	<b>\$ 143,680</b>	<b>\$ 351,189</b>	<b>\$ 144,829</b>	<b>\$ 353,999</b>
<b>City of Miami Beach</b>				
Operating	\$ 833	\$ 2,035	\$ 827	\$ 2,021
Voted Debt	33	81	29	72
Total Miami Beach	\$ 866	\$ 2,116	\$ 856	\$ 2,093
<b>\$ Change in Taxes</b>				
Operating			\$ (6)	\$ (14)
Voted Debt			(4)	(9)
<b>Total Miami Beach</b>			<b>\$ (10)</b>	<b>\$ (23)</b>

\* Source: Miami-Dade County Property Appraiser's - 2014-average-median-homestead-residential-values file



# Budget Value

- To give some perspective, the adopted property tax levy is only 2 percent or \$4 million more in FY 2015/16 than it was nine years ago in FY 2006/07. Overall position count is still 2.9 percent less than in FY 2006/07.

## Credit Rating Upgrade

- In July 2014, Standard & Poors (S&P) raised its rating on Miami Beach's general obligation debt two notches to **AA+**, one level beneath AAA rating
- Rating reflects Miami Beach's strong local economy
  - Strong overall budgetary performance
  - Strong budget flexibility and liquidity
  - Significant reserves

# **FY 2016/17 Budget Development Update**

# FY 2016/17 CSL Budget

- The Current Service Level (CSL) budget represents the cost of providing the same level of service as in the prior fiscal year
- CSL provides the baseline of funding for the upcoming budget process

# FY 2016/17 Property Values

- The Property Appraiser provides preliminary 2016 property values on June 1<sup>st</sup> and certified values on July 1<sup>st</sup>
- Preliminary property values will be known for the June 6<sup>th</sup> Finance Committee meeting
  - Revised CSL budget numbers will be provided





# FY 2016/17 CSL Expenditures

- **CSL expenditures are estimated to increase \$14 million or 4.8 percent over the current year**
  - 0-2 percent merit: \$2.2 million
  - 1 percent COLA in April 2016 & 3 percent COLA in July 2017: \$2.5 million

# FY 2016/17 CSL Expenditures

- **CSL expenditures continued**

- Impact of annualized costs for items added in FY2015/16

- PC replacement from 5 to 3 years: \$534,000 (year 2 of 2)
    - Customer Service Center one time implementation cost of \$555,000 and a recurring cost \$760,000
    - Building Department new contract for Inspectors and Plan Examiners increasing CSL by \$238,000
    - Increase in Special Master rates increasing CSL by \$112,000

# FY 2016/17 CSL Expenditures

- **CSL expenditures continued**

- Impact of annualized cost of items added mid-year

- Added 4 traffic flow specialists, 2 analysts and 1 supervisor to support the Traffic Management Initiative: \$526,000
    - VPK program: \$253,000
    - Miami Dade Transit Corporate Program: \$25,000
    - Towing and relocation of derelict vessels: \$60,000

# FY 2016/17 CSL Expenditures

- **CSL expenditures continued**

- Impact of changes to CSL

- Increased Police overtime expenses of \$1.6 million
    - Increase in Police allowances (hazard duty pay) due to Union negotiations of \$921,000
    - Increase in Fire allowances (hazard duty pay, uniforms) due to Union negotiations of \$1 million
    - North Beach satellite Building office \$89,000
    - Increase in Information Technology of \$240,000 due to one time Terramark charge



# FY 2016/17 CSL Revenues

- **CSL revenues**

- Non-property tax revenues increased by \$100,000
- At the current millage rate, property values would need to increase 5 percent to balance CSL
  - Need property tax revenue increase of \$5.9 million
  - Last year property values increased 12.9 percent
  - Does not assume additional contributions from Resort Tax or Parking
  - Does not assume any efficiencies or enhancements
    - City Manager has requested from Departments proposed efficiencies equal to 3 percent of their CSL

# Increased Pension Contributions

- Higher pension contributions expected totaling \$4.85 million
  - \$3 million increase due to new mortality tables taking effect
  - \$1.85 million increase due to required pension contribution (Annual Required Contribution)

# Potential Future Risk Factors

- Boom/bust real estate cycles in South Florida
- Property tax revenue cap of new construction plus average percentage growth in Florida personal income
- Collective Bargaining Agreement impacts
- Pension Board impacts
- Impacts from National Flood Insurance Reform Act
- Increased reliance on Resort Taxes

# FY 2016/17 Other Funds

- **Transportation Fund**

- Office Lease
- Requires contribution from Parking of \$3.2 million
- Requires \$6.2 million of Resort Tax funds

- **Resort Tax Fund**

- Potential domestic and international impacts on tourism
- Potential negative revenue impact from Convention Center construction (ex. Boat Show)



# FY 2016/17 Other Funds

- **Parking Fund**

- Potential rate increases to non-residents to cover costs for enhanced trolley system, new garages, and planned modern streetcar

- **Water & Sewer**

- Potential rate increases to offset trend in lower demand and critical infrastructure upgrades

- **Stormwater**

- Potential rate increase to fund an additional \$100 million in bonds



# Next Steps

- Finance and Citywide Projects Committee meetings – full Commission
  - **June 6<sup>th</sup>**
    - CSL update for General Fund
    - Capital Budget
  - **July 6<sup>th</sup>**
    - General Fund budget including enhancements, efficiencies, and revenue adjustments
  - **July 11<sup>th</sup>**
    - Finalize operating and capital budgets
    - Review enterprise funds and potential rate increases

# Next Steps

- **Two budget hearings in September**
  - September 14<sup>th</sup> and September 27<sup>th</sup>
- **Millage rates**
  - Set preliminary millage rate on July 20<sup>th</sup>
  - Tentative millage rate at first public hearing
  - Final millage rate at second public hearing



# **Parks and Public Safety Capital Funding**



# Parks and Public Safety Capital Funding

Proposed life safety projects and quality of life enhancements:

Public Safety:	To be Funded
FireStation 1 / Flamingo Parking	19,000,000
Public Safety Radio System	10,000,000
Viper (new 911 system)	552,000
Total	29,552,000
Under Funded Parks & Recreation Projects:	To be Funded
Par 3	12,110,000
Middle Beach Recreation Corridor	12,094,000
Flamingo Park	7,500,000
North Shore Open Space Park Phase II *	6,000,000
Maurice Gibb Memorial Park	4,200,000
Muss Park	1,800,000
Allison Park	832,000
Total	44,536,000
New Parks and Recreation:	To be Funded
Olympic size pool w/o parking	6,750,000
Lummus Park	5,125,000
North Shore Park & Youth Center	1,300,000
Fairway Park	581,000
Total	13,756,000
<b>Grand Total:</b>	<b>87,844,000</b>



# Parks and Public Safety Capital Funding

- Value of .5 millage = approx. \$15.2 million annually
  - if dedicated for 5 years \$76 million
  - if dedicated for 3 years \$45.6 million
  - annual cost to average homeowner \$177.00
- Value of .25 millage = approx. \$7.6 million annually
  - if dedicated for 5 years \$38 million
  - if dedicated for 10 years \$76 million
  - annual cost to average homeowner \$88.50
- Similar to pay go funding which does not increase long term debt

# Parks and Public Safety Capital Funding

- **30 year General Obligation Bond - \$80 million**

## Annual Debt Service for \$80 Million Borrowing for 30 Years

Par Amount	\$80,000,000
Interest Rate	4.25%
Years	30
Payments	\$4,767,860

- Annual debt service: \$4.8 million
- Total Interest Payment over 30 years: \$63 million
- Millage rate: 0.157
- Annual cost to average homeowner: \$56.00

# Major Projects Overview

# Major Projects Overview

Project	Funded	Projected Unfunded
Storm Water	\$100 million	\$300 million
Water & Sewer	\$53 million	\$100 million
Above Ground	\$0	\$50 million
Street Car	\$0	\$350 million Capital / \$20 million recurring Operating
Intelligent Transportation System	\$0	\$10 million
Convention Center Hotel	\$0	\$0

# Major Projects Overview

Project	Funded	Projected Unfunded
Seawalls	\$10 million (approx.)	TBD
Affordable Workforce Housing	\$0	TBD
Revitalization: <ul style="list-style-type: none"><li>Lincoln Rd and Side streets</li><li>Ocean Drive Task Force Recommendations</li><li>North Beach Master Plan</li></ul>	\$30 million \$0 \$265,000 (Design)	TBD
Resiliency & Sustainability Assessments Projects	\$0	TBD



# Prioritizing Priorities